

The Finance Jargon Translator

How to speak so the rest of the business actually listens

When finance professionals speak in pure accounting terms, they make the rest of the business work harder to understand them. If your colleagues have to decode your vocabulary, they will lose sight of your strategic insight.

Use this cheat sheet to translate 21 common accounting terms into a language that focuses on business impact, risk, and growth.

The Finance Term (What You Say)	The Business Translation
1. Variance Analysis	"Why we missed our profit target this month and what we need to fix to get back on track."
2. Accruals / Prepayments	"Money we've committed to spending, even if it hasn't left the bank account yet, meaning we can't use it for anything else."
3. EBITDA	"The profit from core operations, before accounting for loans, taxes, and non-cash expenses."
4. Sunk Costs	"Money we have already spent and cannot recover. We shouldn't let it cloud our judgement on whether to kill this failing project."
5. Working Capital	"It's the money we have available right now to pay our short-term day-to-day expenses such as paying suppliers and employees."
6. Run Rate	"An estimate of future performance based on current results, assuming the business continues at the same pace."
7. OPEX (Operating Expenses)	"The day-to-day cost of keeping the lights on and the business running (like rent, software subscriptions, and salaries)."
8. CAPEX (Capital Expenditure)	"Money a business spends on long-term assets or investments, like equipment, technology, or buildings, that will be used over several years."
9. Depreciation	"How we account for the wear and tear of our large investments over years of use, so our monthly profits aren't artificially inflated."
10. Liquidity	"How quickly we can get our hands on actual cash if a major emergency hits tomorrow."
11. Burn Rate	"How fast we are spending our cash reserves. At this exact pace, we have X months before we completely run out of money."

12. ROI (Return on Investment)	"For every €1 we put into this marketing campaign or project, here is exactly how many euros we got back."
13. Gross Margin	"What's left over from a sale after paying for the direct costs of making the product, before we even pay for our office rent or administrative salaries."
14. Opportunity Cost	"The potential profit we are sacrificing by choosing to fund Project A instead of Project B."
15. Top-Line Growth	"How much more we are selling to customers, regardless of how much we are spending to get those sales."
16. The Bottom Line (Net Profit)	"The amount of money we keep after all expenses, taxes, interest, and costs have been deducted from its revenue."
17. COGS (Cost of Goods Sold)	"The absolute minimum price we pay just to produce what we sell, before any overheads or marketing costs."
18. Churn Rate	"The percentage of paying customers who cancelled our service this month, which directly hurts next month's revenue projections."
19. Break-Even Point	"The exact number of sales we need to hit this month just to avoid losing money."
20. Accounts Receivable (AR)	"Money our clients owe us right now. The longer this sits, the harder it is for us to pay our own bills."
21. Accounts Payable (AP)	"Money we owe to our suppliers that we need to pay by a specific date to keep our relationships and supply chain intact."

Are you ready for a role that values your strategic mindset?

If you are a finance professional who understands the business beyond the balance sheet, you belong in a leadership team that listens.

At Konnekt, we specialise in placing high-impact Finance professionals in Malta, Cyprus and beyond.

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